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Schutzzoll und Freihandel: die Voraussetzungen und Grenzen ihrer Berechtigung. Von RICHARD SCHÜLLER. Wien, F. Tempsky; Leipzig, G. Freytag, 1905.—304 pp.

Das neue deutsche Zolltarifrecht. Von ERICH TRAUTVETTER. Berlin, Verlag von Julius Springer, 1905.—232 pp.

Facts and Figures: The Basis of Economic Science. By EDWARD ATKINSON. Boston and New York, Houghton, Mifflin and Company, 1904.—202 pp.

Recent English and American literature on international trade, although rich in new facts of interest, has, from the point of view of theory, been singularly barren. Since the discussion over a decade ago of the bearing of the principle of increasing returns upon the policy of protection, theoretical study of the problem of foreign trade appears to have been almost at a standstill. The reason for this is not hard to find. Practical discussion in England and America, as in the first half of the nineteenth century, has centered in the expediency or in expediency of protective duties in general. The field which would seem to promise the highest returns—the investigation of the theoretical possibilities of individual protective duties—has been neglected. The free trader has not cared to weaken his contention that all duties are bad by granting that some are less evil than others, nor has the protectionist been willing to concede that there are degrees in the beneficence of protection.

We should naturally expect that the attitude of continental economists of the present generation would be more favorable to detailed analysis of the protective system. Originally for the most part protectionists, they have been compelled by the exigencies of continental commercial policy to contemplate the reduction of certain duties, held to be advantageous to domestic industry, in order to secure from foreign nations reciprocal concessions demanded by exporting interests. Common sense would suggest that in some cases a reduction of duty would seriously impair domestic production, while in other cases an equal reduction would affect production little. In negotiating a commercial treaty the statesman should therefore give due weight to this consideration in order to minimize the cost at which reciprocal concessions may be secured.

It is with the object of determining the relation between production and particular protective duties that Dr. Schüller has written his monograph on *Schutzzoll und Freihandel*. He attempts to establish the fact that practically all industries operate under the law of diminishing re-

turns. Accordingly, in the case of almost all commodities, to stimulate domestic production is to enhance marginal cost and hence to increase the price to the consumer. In some industries, however, the difference between the cost of the least efficient and the cost of the most efficient producer is slight. In such cases an increase in duty would probably greatly stimulate production at a slight increase in cost; and the removal of an existing duty would result in a vast decline in domestic industry. Where differences in cost of production are great, a new duty would raise prices without materially increasing production; and a reduction in duty would curtail the domestic product only slightly. Thus the high duties on meat products in the new German tariff will increase production very little, but will raise prices considerably. In this respect the German tariff violates the principles of sound commercial policy.

While Dr. Schüller concerns himself mainly with the effect of duties upon production, he is by no means blind to their effect upon the distribution of wealth. Duties on products the supply of which can be increased only at a decided increase in cost tend to give an undue share of the social income to the landowner—a point not quite so new as the author seems to regard it, since it was pretty fully exploited in Professor Patten's *Economic Basis of Protection*. This fact is an additional reason for limiting the protection given to such industries, and for sacrificing existing duties of this nature in the negotiation of commercial treaties.

The reader can hardly fail to agree with Dr. Schüller's view that duties which increase production only slightly at a great increase in price ought to be sacrificed at the earliest opportunity. But the author's argument that duties which greatly increase the production of a commodity at a slight increase in cost are economically advantageous, hardly carries conviction. He points out that there are in every community productive forces not fully utilized—waste land, misfit laborers, idle machinery. He does not, however, show how any system of commercial policy can make the utilization of such resources profitable to society as a whole. He dwells upon the possibility that foreign capital and labor may be drawn into a country by a duty. But if the duty is a burden upon other industries—a point scarcely touched upon—it is quite possible that an equal amount of capital and labor may emigrate. In short, Dr. Schüller has contributed nothing to the general question of the expediency or in expediency of protection.

The book is on the whole closely reasoned and inspires the hope that German writers on international trade will in the future have less to say of the "instinktiven Wirkungen der historisch entwickelten nationalen Individualitäten," and will devote themselves more generally to intelligible economic analysis.

Dr. Trautvetter's work is in the main a study of the administrative features of the new German tariff law, and of earlier enactments, so far as these remain in force. It is of value chiefly to those who expect to hold office in the German customs service, although persons engaged in the importation of goods into Germany will find many valuable suggestions in it. Furthermore, it possesses a certain value for students of commercial policy since it explains many details of the new German tariff that at first sight appear quite anomalous.

Edward Atkinson's *Facts and Figures* consists of four papers: "A True Policy of Protection," "The Tendency to Individualism in Manufactures," an "Address to the American Free Trade League" and "The Cost of War and Warfare." The book is mainly devoted to arguments against protection, although many other topics—imperialism, taxation, *etc.*—are discussed. The book is old-fashioned in its admiration of the competitive society that so many of the younger economists regard as anarchic; in its insistence upon a relation between freedom of trade and individual liberty; in its courteous treatment of writers whose doctrines its author abhors. There is one point dwelt upon at great length, originally advanced some years ago by the author in an article in the *Quarterly Journal of Economics* and accepted by not a few economists, which perhaps deserve notice here. From an analysis of the census statistics of occupations Mr. Atkinson concludes that out of over 29,000,000 persons engaged in gainful occupations, not more than 4,000,000—and these by no means the best paid—are affected directly or indirectly by the tariff. One who holds the protectionist view would hardly consider that the classes which are out of reach of foreign competition have no concern in the tariff. The building trades, for example, rely for their prosperity upon the general wealth of the community; so also do persons engaged in domestic service. Indeed, so intimate are the relations of the various industrial classes that no statistical study of the numbers affected by protection can be of much value.

A. S. JOHNSON.

Modern Industrialism. BY FRANK L. MCVEY, Ph. D. New York, Appleton & Co., 1904.—xiii, 300 pp.

Mr. McVey's compact little volume on *Modern Industrialism* will prove interesting and instructive to the general reader and indispensable, I should say, to the teacher of economics. It is remarkable how much good history, impartial statistics and sound philosophy the author has included within the compass of this small octavo of 300 pages. The material is well divided and admirably arranged. After a succinct